

16 March 1970

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam
During February 1970

Introduction

The pace of reconstruction of fixed military facilities and industrial plants and other economic developments in North Vietnam provide an indication of the regime's current policies towards support for the war in the South. This monthly report summarizes significant developments in economic and military reconstruction that might be relevant to an analysis of change in the North Vietnamese position.

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[redacted] shows that a second petroleum pier has been completed near the port of Quang Khe, in the southern Panhandle. Completion of the pier and recent additions to the Quang Khe petroleum storage capacity suggests that the port is being developed as the major petroleum storage depot south of Vinh. North Vietnam may tie in these facilities with the new petroleum pipeline system being built in Laos just west of the DMZ.

3. Improvement of the petroleum pipeline and storage facilities continues in the Vinh area. A 13-mile segment of new pipeline has been completed from the Vinh Petroleum Depot to a junction with the original pipeline south of the Song Ca River and about four miles

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northwest of the Lang Iuyen petroleum storage. The new segment forms the hypoteneuse of a triangle, eliminating the need for some 23 miles of the original system. Expansion of the Vinh Petroleum Products Storage North (Underground) will increase its capacity by 20 percent. Fifteen new tanks are awaiting installation and a pipeline has been extended for 4,900 feet south of the storage site toward the main east-west pipelines.

Economic Reconstruction

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5. Hanoi's high priority on development of electric power continues to receive support of the USSR. A Soviet delegation of officials visited North Vietnam in February reportedly to attend damming ceremonies at the Thac Ba hydroelectric project and to inspect construction at the Uong Bi thermal powerplant. The delegation was headed by the deputy chairman of the Soviet Directorate of Power and Electrification Abroad. [redacted] these two powerplants showed that the river at Thac Ba had not been dammed, and that reconstruction was continuing at Uong Bi. [redacted]

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Economic Planning

9. An article written by Le Duan numbering 80 pages in translation appeared in Nhan Dan in mid-February, laying out Party guidelines for the country's future development. In discussing the North Vietnamese economy he appeared to be defining long-range goals for a period of 5 to 10 years. Le Duan suggested pervasive shortcomings currently in labor productivity and management, and criticized unrealistic leadership from some Party cadres. Le Duan said more about heavy industry than in other recent articles, probably reflecting the long-range nature of his discussion. He reiterated that the ultimate goal of socialism is to develop heavy industry, but emphasized that such development was dependent on light industry and agriculture for capital accumulation and stated that these two sectors of the economy would receive the current priority. Nevertheless, he pointed out circum-

stances where development of heavy industry -- specifically fuels, power, machine building, and construction materials -- is essential and in these cases development of heavy industry will take place simultaneously with expansion of light industry.

10. Recent press announcements attest to high level concern with lagging productivity in local industries. A February Nhan Dan editorial carries the same theme previously stated by both Le Thanh Nghi and Le Duan that in spite of "fairly large" investments in local industries the production of consumer goods has declined and the quality of some has deteriorated. Le Duan's position, however, implied that output of consumer goods must be improved to eliminate pressing shortages, but also implied that beyond certain minimal needs the output of consumer goods would be for the export market to earn foreign exchange.

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Conclusions

15. North Vietnamese work on military installations and logistics facilities in the Panhandle of North Vietnam indicate a continuing support of Communist military operations outside of the country. [REDACTED]
additional petroleum handling facility at Quang Khe, expansion of underground POL storage at Vinh, and alteration of the POL pipeline system will serve the dual purpose of increasing flexibility and reducing the vulnerability of military support activities.

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16. Statements by Le Duan in a lengthy article indicate the regime's determination to focus current development efforts on expanding light and local industries in support of long range goals. However, some resources will be expended on certain heavy industries that are essential for development of agriculture and light industries. The regime holds out little hope for any significant improvement in the standard of living in the near future since increased output of consumer goods and agriculture is to supply the export market as well as domestic needs.

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